

## Finance Committee Regular Meeting

Minutes of the July 14, 2015

Dodge County Finance Committee Chairman, Dave Frohling called the Finance Committee meeting to order at 9:00 a.m. on Tuesday, July 14, 2015 in Room H & I – Auditorium of the Administration Building. Chairman Frohling took roll and the following members were present: Frohling, Schaefer, Adelmeyer, Gohr and Uttke.

Also present: County Board Chairman Russ Kottke, Supervisors Larry Bischoff, Donna Maly, and Glenn Stousland, Mielke, Kolp, Bill Wiley, Jane Hooper, Lynn Hron, Brian Field, Deb Garetson, Phil McAleer, Janet Wimmer, Ruth Otto, Dale Schmidt, Rodney Kreitzman, Amy Nehls, Karen Gibson, Becky Glewen, Lifke and Johnson^Block Inc representatives Kevin Krynski and Brett Hofmeister.

Julie Kolp, Finance Director certified the public notice given for this meeting complies with the requirements of Wisconsin's open meetings law.

Motion by Uttke and 2<sup>nd</sup> Schaefer to allow the chair to deviate from the agenda at his discretion. Motion carried with unanimous approval.

Motion by Schaefer and 2<sup>nd</sup> by Adelmeyer to approve June 9, 2015 regular committee meeting minutes with the corrections:

- All "Motion carried 4-1. Gohr was absent." to "Motion Carried 4-0. Gohr was excused."
- The spelling of "Donna Mally" to "Donna Maly" in the Baker Tilly operation review paragraph (third paragraph from the end)

Motion carried with unanimous approval.

Johnson^Block partner Kevin Krynski and supervisor Brett Hofmeister appeared before committee members to present Dodge County's 2014 Financial Statements. Krynski presented the Independent Auditor's Report. Krynski stated the purpose of the Independent Auditor's Report is to consider the county's internal control over financial reporting and determine audit procedures that would enable them to express an opinion on the internal controls. Krynski continued by reporting two material weaknesses in the county's internal controls: Failure to perform regular reconciliations of Clearview's detailed accounts receivable records to the general ledger and Clearview's procedures used to estimate a reasonable uncollectible accounts receivable at year end. Auditor recommendations for compliance and management response were presented for both weaknesses.

Hofmeister presented the Fund Financial Statements. Hofmeister provided an overview on the type of information presented in the Financial Statements and explained the difference in fund types and reporting practices. According to Hofmeister, the auditors reported an unmodified opinion which indicates reports were fairly presented to auditors in all material respect and changes in financial position for the year ended were in conformity with Generally Accepted Accounting Principles (GAAP). Areas highlighted included:

- The General Fund ending fund balance of \$27.3 million decreased \$1.2 million from 2013. The majority of the decrease was due to Health and Human Services (HHS) budgetary overruns.
- Debt Service ending balance is \$0 which is normal.

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- Capital Projects had an ending balance of \$239,000. It appears to be remaining money from the Henry Dodge renovation project.
- HHS had a \$448,000 deficit fund balance as a result of accrual for compensated absences. A deficit accrual balance for this fund is normal since it's the only balance that is retained by this fund. The operation deficit experienced by HHS is represented in the General Fund balance.
- Highway fund balance increased \$1.4 million due to projects being carried over into 2015.
- Clearview fund balance decreased \$500,000 due to write offs for uncollectable accounts and Medicaid adjustments.

Overall, Hofmeister reported the county's financial stability was good as of December 31, 2014 due to an unassigned fund balance of \$15.6 million. It was suggested the county continue to work on improving its risk assessment process and improve the documentation of the county-wide financial system. It was noted that the General Fund, Clearview and Highway have good internal control documentation. It was suggested that Health and Human Services improve their internal control documentation. A government wide conversion entry procedure was also recommended to ensure complete capturing of capital assets and infrastructure.

Krysinski and Hofmeister continued with additional audit procedures performed at HHS. There were additional analysis of budget to actual at both the BU and line item level, inquiries of staff and County Supervisors and tests of selected transaction with a focus on areas with budget overruns.

Overview of these areas include:

- BU 4801 – Outpatient Support and BU 4804 – MI Community Support After Care overruns were in wages in benefits. Contributing factors were budgeting employees in the incorrect BU, unanticipated health insurance enrollments, retirement payouts and addition of psychiatric services.
- BU 4809 – CBRF (Community Based Residential Facility) overruns were due to increased rates and number of placements.
- BU 4812 – MI Inpatient Institutions overruns were due to increased rates and number of involuntary placements.
- BU 5010 – Children Care Institutions overruns were due to increased number of placements.

An analysis of the department as a whole was performed and the overrun results were consistent with what was seen in the selected BUs. Placement facilities experienced the largest overruns followed by the payouts and psychiatric employment position.

Jim Mielke, Administrator presented an update on the Municipal Sales Tax Shared Revenue meeting he attended with County Chairman Russ Kottke. According to Mielke, he and Kottke were invited to a mayor's meeting in Beaver Dam. Beaver Dam mayor expressed a concern of taking money from county projects and suggested the concept of sharing excess sales tax revenues with municipalities. A Special Order of Business presentation is scheduled for the September 15, 2015 County Board meeting. Mielke reported there won't be any surplus funds in 2016.

Julie Kolp, Finance Director and Sheriff Dale Schmidt appeared to present information on Resolution No. 15-\_\_\_\_ – Budgetary Appropriation Control. Schmidt stated the goal of the resolution is to give budgetary control at the department level opposed to the current Business Unit

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(BU) level. According to Schmidt, the change would improve operations, create clarity, allow better tracking of funds and make departments more efficient. The County Administrator and Finance Director will be notified of all budget re-appropriations within a department and then presented to the committee of jurisdiction and Finance Committee for review and sign off. A report of all re-appropriations will be presented to the County Board at the following County Board meeting. There will be a restriction for re-appropriations on capital items or items costing \$25,000 or more. Motion by Uttke and 2<sup>nd</sup> by Schaefer to approve Resolution No. 15-\_\_ - Budgetary Appropriation Control with an amendment to exclude the final statement regarding the adoption of the Dodge County Budget Control Policy. Motion carried with unanimous approval.

Resolution No. 15-\_\_ – Maintenance Administrative Secretary. The Fiscal Note set forth in Resolution No. 15-\_\_ was presented to the Finance Committee for its review and approval. The Fiscal Note sets forth a Fiscal Impact in the amount of \$0 on 2015's adopted Budget. Phil McAleer, Assistant Director of Physical Facilities appeared before committee members to present information on the position change. According to McAleer, the additional hours in the Administrative Secretary position will be used to address some of the administrative duties currently being handled by himself or the mechanics and enable them to spend more time in the field. The additional cost will be absorbed in the budget as a result of delayed hiring of other positions. Motion by Schaefer and 2<sup>nd</sup> by Uttke to approve the Fiscal Note as presented and authorize and direct Finance Committee's Chairman to sign the Fiscal Note and send Resolution No. 15-\_\_ to the County Clerk. Motion carried with unanimous approval.

Amy Nehls, Emergency Management Director appeared before committee members to request Contingent Appropriations to cover cost of repairs not to exceed the total cost of \$15,691. According to Nehls, after the implementation of Simulcast, the department has noticed increased alarms and loss of services at the Ashippun tower. Vendor engineers speculate the failures may be the result of dish sizes on the Ashippun tower and possibly the Ashippun dish on St. Helena's tower. As long as the service provider is increasing the size of the dishes, it was also recommended to raise the dishes higher to prevent interference by tree branches. If the problem isn't resolved after the dish replacement at the Ashippun tower, Nehls will proceed with the replacement of the Ashippun dish on St. Helena's tower. Motion by Uttke and 2<sup>nd</sup> by Gohr to approve the not-to-exceed \$15,691 Contingent Appropriation request to cover cost of repair to the Ashippun and possibly St. Helena towers in Business Unit (BU) 2801 – Central Communication. Motion carried with unanimous approval.

Kolp presented information on the Non-Lapsing Business Unit 4848 – CD-TAD Supplement. According to Kolp, the TAD (Treatment Alternatives and Diversion) Grant covers certain items for reimbursements. Incentives for participants are highly recommended for this program, however it's not covered under the grant. The incentives will be funded by fees paid by participants but not all fees will be distributed as incentives in the year collected. In a memorandum, Jay Westhuis, Treatment Courts Supervisor requested the creation of a Non-Lapsing BU to manage incentive revenues and expenditures. Motion by Uttke and 2<sup>nd</sup> by Adelmeyer to create BU 4848 – CD-TAD Supplement as a non-lapsing BU. Motion carried with unanimous approval.

Mielke reported on the 2015-2017 State Budget. The budget was signed on Sunday and is in the process of being reviewed. Mielke noted the privatization of the Aging and Disability Resource

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Center program didn't pass and the bed tax is still being review and may come back as a separate item.

Mielke initiated the 2015 budget review by stating specific numbers will be available for the next Finance Committee meeting. Janet Wimmer, Human Services and Health Director reported increased out-of-home placements but emergency detentions are down and action is being taken to reduce costs in other programs and services to meet the department's adopted budget.

McAleer reported Physical Facilities is on track. Utilities is always the wildcard at year end, however efforts were taken with energy reducing improvements such as the air barrier in the Administration Building. McAleer anticipates Physical Facilities will be within budget at year end.

Mielke reported higher than anticipated expenditures for Human Resources. An estimated budget shortfall of around \$24,000 is expected as a result of recruitment for the Human Resource Director position and unbudgeted payouts.

Sheriff Dale Schmidt and Jail Administrator Rodney Kreitzman reported on the Detention Facility. The executive order of the President has caused a decrease in the number of Dodge County detainees. A personnel issue with the contract vendor was identified and resolved. Dodge County has been working to improve its relationship with the Chicago region and is anticipating the number of Immigration and Customs Enforcement (ICE) detainees will increase. Kreitzman is expecting an upward swing starting today with the strongest numbers historically being from May through September. The numbers probably won't return to last year's numbers but savings in six employee openings will offset some of the costs. Any shortfalls will be absorbed into the budget the best they can.

Bill Wiley, Clearview Director of Financial Services reported on Clearview's 2015 budget. Medical recoupment for CBIC (Clearview Brain Injury Center) will be down. This is a result of the 2011 building project. To avoid sending patients to other facilities during the building process, Clearview choose to reduce census. The lower census caused higher reimbursement Medicaid rates. After completion of the building project, census increased but reimbursement rates stayed the same. Medicaid has recouped \$1.4 million from Clearview CBIC rates beginning fall 2014 through June 2015. This recoupment will most likely cause CBIC to exceed budget. Wiley presented this information for committee awareness.

Ruth Otto, Information Technology (IT) Director reported on IT's budget. Kronos budget is anticipated to be over. Otto filled the Data Base Administrator position and was able to release the consultant services early. Otto predicts the money saved on consulting services will cover the Kronos budget shortfall.

Otto continued with a update report on the Kronos project. Human Resources, Payroll, and Timekeeper are complete. Telestaff is almost finished. Advance Scheduler is going well. Talent Acquisition and Performance Compensation is expected to be started in fall. Activities initially planned for Highway and Maintenance will only be used by Maintenance. Highway will be looking at other options after the implementation of a new financial system.

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Mielke continued with the 2015 budget review. He reported Astico Park's damage from Monday's storm. The park received severe wind damage destroying many trees and the shelter. The park has been closed for cleanup and hope parts will be opened within a few weeks. Highway will be assisting with opening up some of the roads. Some camping reservations will need to be refunded during the cleanup process.

Mielke reported on the 2016 Mid Wisconsin Federated Library System Reimbursements budget. According to Mielke, Jefferson County pulled out of the Mid Wisconsin Federated Library System citing service as the problem. Dodge and Washington County are the only two remaining counties and there's concern if that will be enough. Current county reimbursement rate is 70% (minimum) for non-resident circulation with increased rates to take effect in 2017. Libraries are hoping the county will supplement the shortfall.

Karen Gibson, County Clerk reported on the County Board voting equipment. The current system is from 1995 and runs on DOS. There have been some failures with the system and before it goes completely down, Gibson suggests the county be proactive in replacing it. Currently, there's only one vendor and costs increased \$13,000 from 2013 to 2014. A new system will be around \$64,950 and is on the Capital Improvement Plan (CIP) to be presented later.

Gibson continued with county-wide polling equipment. This equipment is from 1999 and at the time, the county contributed to half the cost of the system to encourage municipalities to use a system consistent throughout the county. There are no longer parts for repair to these systems so replacement is anticipated for 2017 (a non-presidential election year).

Mielke presented the draft 2016-2020 Capital Improvement Projects. Sheriff Schmidt reported on the need for the security control system upgrade at the Detention Center. There have been many failures and problems with the audio component. The current system is outdated. The Sheriff's department is currently evaluating security access points and getting budget numbers for 2016's budget. A new jail pod is anticipated for 2019. The currently used Huber facility is outdated and the Sheriff is concerned it will soon be rejected by the jail inspector. Sheriff Schmidt has cut all upgrades to the facility for the remainder of 2015.

Mielke requested committee members review the draft CIP. The final requests will be presented to the full County Board at the September meeting along with the Sales and Use Tax resolution.

Dave Frohling, Committee Chairman reported on the Wisconsin Counties Association. Finance and Taxation will be meeting on Thursday. Items anticipated for discussion include:

- Changing the law regarding the handling of special assessments. Currently, municipalities are made whole at the counties expense.
- Additional ½% Sales and Use Tax to assist in keeping up roads and highways.
- Accrual of Post-employment Health Insurance in a non-lapsing account will also be discussed.
- Unused property tax levy from prior years to be used in future years. Current law allows 1 ½% to be carried forward. The committee is proposing up to 5% to be carried forward.

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The County Treasurer provided committee members copies of May 2015's report of working cash account and June 2015 county investment holdings for review.

The monthly county state sales tax remittance reports were reviewed. June 2015's remittance for April was \$407,861 compared to \$422,574 from the same period in 2014. The fiscal year remittance to date is \$2,673,850 compared to \$2,689,091 the same time period in 2014.

Kolp reported on the Uniform Grant Guidance Implementation project. Baker Tilly completed their report with seven recommendations. These recommendation addressed procurement, sub-recipient monitoring, property standards of fixed assets, technology and record retention, ethics, Indirect Costs and the Single Audit. Departments are working with Baker Tilly to meet compliance recommendations.

Mielke reported on the Baker Tilly Operational Review project. According to Heather Aker, things are going well and a full presentation to County Board is anticipated for September or October.

Next regular meeting is scheduled for Tuesday August 11, 2015 at 9:00 a.m. in Room H & I - Auditorium on the 1<sup>st</sup> floor of the Dodge County Administration Building.

With no other business on the agenda, Chairman Frohling declared the meeting adjourned at 11:25 a.m.

Gerald Adelmeyer,



Secretary